

QUARTERLY REPORT

LICENSEE: ACE GAMING, LLC

FOR THE QUARTER ENDED JUNE 30, 2005

**TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO
BALANCE SHEETS

AS OF JUNE 30, 2005 AND 2004

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (d)
	ASSETS		
	Current Assets:		
1	Cash and Cash Equivalents.....	\$ 14,184	\$ 17,784
2	Short-Term Investments.....	-	-
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2005, \$3,337; 2004, \$4,565).....	4,515	5,449
4	Inventories.....	2,520	2,169
5	Prepaid Expenses and Other Current Assets..... Note 7.....	7,728	3,731 *
6	Total Current Assets.....	28,947	29,133 *
7	Investments, Advances, and Receivables..... Note 8.....	12,390	11,082
8	Property and Equipment - Gross..... Note 9.....	219,664	215,615
9	Less: Accumulated Depreciation and Amortization..... Note 9.....	(54,209)	(47,136)
10	Property and Equipment - Net..... Note 9.....	165,455	168,479
11	Other Assets.....	1,737	1,433
12	Total Assets.....	\$ 208,529	\$ 210,127 *
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts Payable.....	\$ 6,163	\$ 6,902
14	Notes Payable.....	-	-
	Current Portion of Long-Term Debt:		
15	Due to Affiliates.....	2,171	-
16	Other.....	302	-
17	Income Taxes Payable and Accrued.....	-	- *
18	Other Accrued Expenses..... Note 10.....	11,581	13,361
19	Other Current Liabilities..... Note 11.....	3,832	2,271
20	Total Current Liabilities.....	24,049	22,534 *
	Long-Term Debt:		
21	Due to Affiliates.....	-	136,000
22	Other.....	426	-
23	Deferred Credits.....	-	-
24	Other Liabilities..... Note 12.....	4,194	3,882
25	Commitments and Contingencies		
26	Total Liabilities.....	28,669	162,416 *
27	Stockholders', Partners', Or Proprietor's Equity.....	179,860	47,711
28	Total Liabilities and Equity.....	\$ 208,529	\$ 210,127 *

The accompanying notes are an integral part of the financial statements.

4/01

Valid comparisons cannot be made without using information contained in the notes.

CCC-205

* Restated to conform with current year presentation.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO
STATEMENTS OF INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2005 AND 2004

(UNAUDITED)

(\$ IN THOUSANDS)

LINE	DESCRIPTION	2005	2004
(a)	(b)	(c)	(d)
	Revenue:		
1	Casino.....	\$ 88,219	\$ 94,561
2	Rooms.....	5,184	5,068 *
3	Food and Beverage.....	10,281	10,790 *
4	Other.....	1,693	1,947 *
5	Total Revenue.....	105,377	112,366 *
6	Less: Promotional Allowances.....	24,489	26,806 *
7	Net Revenue.....	80,888	85,560 *
	Costs and Expenses:		
8	Cost of Goods and Services.....	56,191	59,585 *
9	Selling, General, and Administrative.....	18,207	14,936 *
10	Provision for Doubtful Accounts.....	157	347
11	Total Costs and Expenses.....	74,555	74,868 *
12	Gross Operating Profit.....	6,333	10,692
13	Depreciation and Amortization.....	7,907	7,503
	Charges from Affiliates Other than Interest:		
14	Management Fees.....	-	-
15	Other.....	-	-
16	Income (Loss) From Operations.....	(1,574)	3,189 *
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates	-	(5,951)
18	Interest (Expense) - External.....	(129)	(106)
19	Investment Alternative Tax and Related Income (Expense) - Net....	(214)	(587)
20	Nonoperating Income (Expense) - Net..... Note 13.....	234	(1,680) *
21	Total Other Income (Expenses).....	(109)	(8,324) *
22	Income (Loss) Before Income Taxes And Extraordinary Items.....	(1,683)	(5,135)
23	Provision (Credit) for Income Taxes.....	499	513
24	Income (Loss) Before Extraordinary Items.....	(2,182)	(5,648)
	Extraordinary Items (Net of Income Taxes -		
25	2005, \$ - ; 2004, \$ -).....	-	-
26	Net Income (Loss).....	\$ (2,182)	\$ (5,648)

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO
STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED JUNE 30, 2005 AND 2004

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (d)
	Revenue:		
1	Casino.....	\$ 43,683	\$ 50,061
2	Rooms.....	2,890	2,780 *
3	Food and Beverage.....	5,415	5,800 *
4	Other.....	886	1,020 *
5	Total Revenue.....	52,874	59,661 *
6	Less: Promotional Allowances.....	11,951	15,091 *
7	Net Revenue.....	40,923	44,570 *
	Costs And Expenses:		
8	Cost of Goods and Services.....	28,419	30,236 *
9	Selling, General, and Administrative.....	9,104	8,315 *
10	Provision for Doubtful Accounts.....	28	201
11	Total Costs and Expenses.....	37,551	38,752 *
12	Gross Operating Profit.....	3,372	5,818 *
13	Depreciation and Amortization.....	3,881	3,798
	Charges from Affiliates Other than Interest:		
14	Management Fees.....	-	-
15	Other.....	-	-
16	Income (Loss) From Operations.....	(509)	2,020 *
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates.....	-	(2,954)
18	Interest (Expense) - External.....	(64)	(52)
19	Investment Alternative Tax and Related Income (Expense) - Net...	24	(219)
20	Nonoperating Income (Expense) - Net..... Note 13.....	147	(1,041) *
21	Total Other Income (Expenses).....	107	(4,266)
22	Income (Loss) Before Income Taxes and Extraordinary Items.....	(402)	(2,246)
23	Provision (Credit) for Income Taxes.....	252	259
24	Income (Loss) Before Extraordinary Items.....	(654)	(2,505)
25	Extraordinary Items (Net of Income Taxes - 2005, \$ - ; 2004, \$ -).....	-	-
26	Net Income (Loss).....	\$ (654)	\$ (2,505)

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004 AND THE SIX MONTHS ENDED JUNE 30, 2005

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid-In Capital (g)		Retained Earnings (Accumulated) (Deficit) (i)	Total Stockholders' Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 2003	100	\$ -		\$	89,659	\$	\$ (36,300)	\$ 53,359
2	Net Income (Loss) -							(7,936)	(7,936)
3	Contribution to Paid-in-Capital.....					142,013			142,013
4	Dividends.....								
5	Prior Period Adjustments.....								
6	Capital Withdrawals					(2,796)			(2,796)
7	Cancelled Common Stock	(100)							
8	Single Member LLC								
9								
10	Balance, December 31, 2004.....	-	-			228,876		(44,236)	184,640
11	Net Income (Loss) - 2005.....							(2,182)	(2,182)
12	Contribution to Paid-in - Captial.....								
13	Dividends.....								
14	Prior Period Adjustments.....								
15	Capital Withdrawals					(2,598)			(2,598)
16								
17								
18								
19	Balance, June 30, 2005.....	-	\$ -		\$	226,278	\$	\$ (46,418)	\$ 179,860

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2005 AND 2004

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (d)
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES.....	\$ 4,461	\$ 3,803
	CASH FLOWS FROM INVESTING ACTIVITIES:		
2	Purchase of Short-Term Investment Securities.....	-	-
3	Proceeds from the Sale of Short-Term Investment Securities.....	136	-
4	Cash Outflows for Property and Equipment.....	(1,618)	(6,190)
5	Proceeds from Disposition of Property and Equipment.....	5	31
6	Purchase of Casino Reinvestment Obligations.....	(1,094)	(872)
7	Purchase of Other Investments and Loans/Advances made.....	-	-
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term Receivables.....	-	9
9	Cash Outflows to Acquire Business Entities (net of cash acquired).....	-	-
10			
11			
12	Net Cash Provided (Used) By Investing Activities.....	(2,571)	(7,022)
	CASH FLOWS FROM FINANCING ACTIVITIES:		
13	Cash Proceeds from Issuance of Short-Term Debt.....	2,171	-
14	Payments to Settle Short-Term Debt.....	-	-
15	Cash Proceeds from Issuance of Long-Term Debt.....	44	5,500
16	Costs of Issuing Debt.....	-	-
17	Payments to Settle Long-Term Debt.....	(78)	(1,400)
18	Cash Proceeds from Issuing Stock or Capital Contributions.....	-	-
19	Purchases of Treasury Stock.....	-	-
20	Payments of Dividends or Capital Withdrawals.....	(2,598)	-
21			
22			
23	Net Cash Provided (Used) By Financing Activities.....	(461)	4,100
24	Net Increase (Decrease) In Cash And Cash Equivalents.....	1,429	881
25	Cash And Cash Equivalents At Beginning Of Period.....	12,755	16,903
26	Cash And Cash Equivalents At End Of Period.....	\$ 14,184	\$ 17,784

	CASH PAID DURING PERIOD FOR:		
27	Interest (Net of Amount Capitalized).....	\$ 27	\$ 6,050
28	Income Taxes.....	\$ 517	\$ 603

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO
STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2005 AND 2004

(UNAUDITED)

(\$ IN THOUSANDS)

LINE	DESCRIPTION	2005	2004
(b)	(b)	(c)	(d)
	NET CASH FLOWS FROM OPERATING ACTIVITIES:		
29	Net Income (Loss).....	\$ (2,182)	\$ (5,648)
	Noncash Items Included in Income and Cash Items		
	Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment....	7,803	7,122
31	Amortization of Other Assets.....	104	381
32	Amortization of Debt Discount or Premium.....	-	-
33	Deferred Income Taxes - Current.....		
34	Deferred Income Taxes - Noncurrent.....	-	-
35	(Gain) Loss on Disposition of Property and Equipment.....	(5)	(31)
36	(Gain) Loss on Casino Reinvestment Obligations.....	214	587
37	(Gain) Loss from Other Investment Activities.....	-	-
	Net (Increase) Decrease in Receivables and Patrons'		
38	Checks.....	960	(141)
39	Net (Increase) Decrease in Inventories.....	(21)	53
40	Net (Increase) Decrease in Other Current Assets.....	(2,687)	1,073
41	Net (Increase) Decrease in Other Assets.....	(139)	-
42	Net Increase (Decrease) in Accounts Payable.....	(918)	87
	Net Increase (Decrease) in Other Current Liabilities		
43	Excluding Debt.....	1,189	151
	Net Increase (Decrease) in Other Noncurrent Liabilities		
44	Excluding Debt.....	143	169
45			
46			
47	Net Cash Provided (Used) By Operating Activities.....	\$ 4,461	\$ 3,893

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	ACQUISITION OF PROPERTY AND EQUIPMENT:		
48	Additions to Property and Equipment.....	\$ 1,618	\$ 6,190
49	Less: Capital Lease Obligations Incurred.....	-	-
50	Cash Outflows For Property And Equipment.....	\$ 1,618	\$ 6,190
	ACQUISITION OF BUSINESS ENTITIES:		
51	Property and Equipment Acquired.....	\$	\$
52	Goodwill Acquired.....		
53	Net Assets Acquired Other than Cash, Goodwill, and		
54	Property and Equipment.....		
55	Long-Term Debt Assumed.....		
55	Issuance of Stock or Capital Invested.....		
56	Cash Outflows To Acquire Business Entities.....	\$ -	\$ -
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:		
57	Total Issuances of Stock or Capital Contributions	\$ -	\$ -
58	Less: Issuances to Settle Long-Term Debt.....	-	-
59	Consideration in Acquisition of Business Entities.....	-	-
60	Cash Proceeds From Issuing Stock Or Capital Contributions	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: SANDS HOTEL & CASINO

**SCHEDULE OF PROMOTIONAL
EXPENSES AND ALLOWANCES**

(\$ IN THOUSANDS)

FOR THE SIX MONTHS ENDED JUNE 30, 2005

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	122,364	\$ 3,175		\$
2	Food	254,015	4,527		
3	Beverage	1,041,445	2,899		
4	Travel			1,041	430
5	Bus Program Cash	257,811	4,296		
6	Other Cash Complimentaries	141,225	9,205		
7	Entertainment	4,807	210		
8	Retail & Non-Cash Gifts			345,391	3,235
9	Parking			59,323	177
10	Other	20,661	177		
11	Total	1,842,328	\$ 24,489	405,755	\$ 3,842

FOR THE THREE MONTHS ENDED JUNE 30, 2005

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	60,986	\$ 1,596		\$
2	Food	134,600	2,318		
3	Beverage	569,438	1,545		
4	Travel			585	193
5	Bus Program Cash	135,537	2,075		
6	Other Cash Complimentaries	71,124	4,231		
7	Entertainment	2,032	95		
8	Retail & Non-Cash Gifts			205,737	1,558
9	Parking			29,833	89
10	Other	10,689	91		
11	Total	984,406	\$ 11,951	236,155	\$ 1,840

ACE GAMING, LLC
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. THE COMPANY

Atlantic Coast Entertainment Holdings, Inc. ("Atlantic Holdings" or the "Company") is a Delaware corporation formed in October 2003 and was a wholly-owned subsidiary of Greate Bay Hotel and Casino, Inc. ("GBHC") which was a wholly-owned subsidiary of GB Holdings, Inc. ("GB Holdings"). Until July 22, 2004, GBHC was the owner and operator of The Sands Hotel and Casino in Atlantic City, New Jersey ("The Sands"). ACE Gaming LLC ("ACE"), a New Jersey limited liability company and a wholly-owned subsidiary of Atlantic Holdings was formed in November 2003. ACE is a single member LLC with Atlantic Holdings as it's sole member. In connection with a transaction which was consummated in July of 2004, substantially all of the assets of GB Holdings and certain subsidiaries (including The Sands) was transferred to Atlantic Holdings and subsequently to ACE.

NOTE 2. BASIS OF PRESENTATION

The financial statements include the accounts of GBHC through July 21, 2004 and ACE thereafter. The financial statements have been prepared in conformity with prescribed formats of the Casino Control Commission ("CCC") and United States of America generally accepted accounting principles ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the balance sheets, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

In management's opinion, all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the financial position as of June 30, 2005 and the results of operations for the three and six months ended June 30, 2005 and 2004 have been made. The results set forth in the statement of operations for the six months ended June 30, 2005 are not necessarily indicative of the results to be expected for the full year.

NOTE 3. RELATED PARTY TRANSACTIONS

The Company has entered into an intercompany services arrangement with American Casino & Entertainment Properties LLC ("ACEP"), which is controlled by affiliates of Carl C. Icahn, whereby ACEP provides management and consulting services. The Company is billed based upon an allocation of salaries plus an overhead charge of 15% of the salary allocation plus reimbursement of reasonable out-of-pocket expenses. For the three and six months ended June 30, 2005, the Company was billed approximately \$225,000 and \$442,000, respectively. For the three and six months ended June 30, 2004, the Company was billed approximately \$109,000 and \$215,000, respectively.

The Company has entered into an agreement with XO Communications, Inc., a long-distance phone carrier, an entity affiliated with Mr. Icahn. Payments for such charges incurred for the three months ended June 30, 2005 and 2004 amounted to \$44,000 and \$40,000, respectively, and \$84,000, and \$81,000 for the six months ended June 30, 2005 and 2004, respectively. The agreement was extended in June 2005 until April 2007.

In connection with the Transaction, GB Holdings, Atlantic Holdings and ACE entered into a Contribution Agreement, pursuant to which, Atlantic Holdings paid approximately \$200,000 and \$2.6 million to GB Holdings for the three and six months ended June 30, 2005, respectively, of which approximately \$2.4 million was for interest on the 11% Notes due 2005 (the "GB Holdings 11% Notes") which were not previously exchanged. Additionally, the Company agreed to pay to GB Holdings an amount equal to GB Holdings' normal, ordinary course operating expenses (including legal and accounting costs, directors' and officers' insurance premiums, and fees for SEC filings) not to exceed in the aggregate \$250,000 in any twelve month period, subject to a number of conditions.

NOTE 4. LINE OF CREDIT

On November 12, 2004, the Company entered into a Loan and Security Agreement (the "Loan Agreement"), by and among Atlantic Holdings, as borrower, ACE, as guarantor, and Fortress Credit Corp., as lender, and certain related ancillary documents, pursuant to which, Fortress agreed to make available to Atlantic Holdings a senior secured revolving credit line providing for working capital loans of up to \$10 million (the "Loans"), to be used for working capital purposes in the operation of The Sands.

All Loans under the Loan Agreement are payable in full by no later than the day immediately prior to the one-year anniversary of the Loan Agreement, or any earlier date on which the Loans are required to be paid in full, by acceleration or otherwise, pursuant to the Loan Agreement.

The borrower and guarantor on the Loan Agreement are required to maintain certain financial covenants. As of June 30, 2005, the Company had borrowed \$3.0 million under the Loans and was in compliance with these covenants.

NOTE 5. LEGAL PROCEEDINGS

Tax appeals challenging the amount of ACE's real property assessments for tax years 1996 through 2005 are pending. A trial was conducted from May through July 2005 for the tax years 1996 through 1999. A ruling from the New Jersey Tax Court is expected to be issued at the end of 2005. A trial for the tax years 2000 through 2005 is expected to commence subsequent to that ruling.

NOTE 6. RECENT DEVELOPMENTS

On May 17, 2005, American Real Estate Partners, L.P., or AREP, which owned an aggregate principal amount of \$63.9 million of Atlantic Holdings 3% Secured Notes due 2008, ("Notes"), elected to convert an aggregate of \$28.8 million in principal amount of the Notes into 1,898,181 shares of Atlantic Holdings common stock, pursuant to the terms of the indenture governing the Notes. Accordingly, each \$1,000 of principal amount of the Notes and accrued interest on the Notes is now convertible into 65.90909 shares of Atlantic Holdings common stock. AREP is a publicly traded master limited partnership. Carl C. Icahn, through affiliates, owns approximately 86.5% of its depositary units and preferred stock and all of the capital stock of AREP's general partner, American Property Investors, Inc.

As a result of the election to convert the Notes, and pursuant to the terms of a warrant agreement that Atlantic Holdings entered with American Stock Transfer and Trust Company, as of May 17, 2005, holders of Atlantic Holdings warrants may exercise their warrants to purchase 0.275 shares of our common stock for each warrant that they own, at an exercise price of \$.01 per share of Atlantic Holdings common stock.

On May 17, 2005, Atlantic Holdings received notice from American Stock Transfer and Trust Company that affiliates of Mr. Icahn, including AREP, exercised their warrants for an aggregate of 2,130,904 shares of Atlantic Holdings common stock. As a result of the exercise of warrants and the conversion of a portion of the notes owned by AREP, these affiliates own an aggregate of 4,029,085 shares of Atlantic Holdings common stock, representing approximately 58.3% of Atlantic Holdings outstanding common stock. GB Holdings, Inc. owns approximately 41.7% of Atlantic Holdings outstanding common stock. AREP has entered into an agreement to purchase from Mr. Icahn's affiliates our shares of common stock owned by them. After the conversion of notes by AREP, it continues to own approximately \$35.1 million in principal amount of the Notes. If AREP elects to convert its remaining Notes, and giving effect to the acquisition of shares from affiliates of Mr. Icahn, AREP would then own approximately 6.34 million shares of Atlantic Holdings common stock, representing approximately 63.4% of our outstanding common stock on a fully diluted basis.

NOTE 7. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consisted of the following:

	June 30,	
	2005	2004
Deposits - Workers Compensation	\$ 3,397,000	\$ -
Prepaid Real Estate Tax	1,464,000	20,000
Prepaid slot license fee	1,087,000	1,101,000
Prepaid insurance	737,000	1,086,000
Other current assets	1,043,000	1,524,000
	<u>\$ 7,728,000</u>	<u>\$ 3,731,000</u>

NOTE 8. INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables consists of the following Casino Reinvestment and Development Authority ("CRDA") investments:

	June 30,	
	2005	2004
Post 1983 Investment, net	\$ 8,073,000	\$ 7,800,000
NJPB - MPMI Investment, net	1,094,000	1,058,000
NJMLP-K Heldrich Plaza, net	815,000	-
Vermont Plaza Investment, net	468,000	468,000
Other	1,940,000	1,756,000
	<u>\$ 12,390,000</u>	<u>\$ 11,082,000</u>

NOTE 9. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	June 30,	
	2005	2004
Land	\$ 54,344,000	\$ 54,344,000
Buildings and improvements	88,148,000	88,512,000
Operating equipment	75,746,000	71,322,000
Construction in progress	1,426,000	1,437,000
	219,664,000	215,615,000
Less: accumulated depreciation and amortization	(54,209,000)	(47,136,000)
Net property and equipment	<u>\$ 165,455,000</u>	<u>\$ 168,479,000</u>

NOTE 10. OTHER ACCRUED EXPENSES

Other accrued expenses consisted of the following:

	June 30,	
	2005	2004
Accrued wages	\$ 1,635,000	\$ 1,358,000
Accrued vacation	1,555,000	1,545,000
Major Medical - Non-union	1,348,000	703,000
Other accrued expenses	7,043,000	9,755,000
	<u>\$ 11,581,000</u>	<u>\$ 13,361,000</u>

NOTE 11. OTHER CURRENT LIABILITIES

Other current liabilities consisted of the following:

	June 30,	
	2005	2004
Workers Comp liability	\$ 933,000	\$ -
CRDA bonds payable	541,000	619,000
Unredeemed gaming chips	340,000	596,000
Other current liabilities	2,018,000	1,056,000
	<u>\$ 3,832,000</u>	<u>\$ 2,271,000</u>

NOTE 12. OTHER LIABILITIES

Other liabilities consisted of the following:

	June 30,	
	2005	2004
CRDA - East Hall obligation	\$ 3,509,000	\$ 3,350,000
Other liabilities	685,000	532,000
	<u>\$ 4,194,000</u>	<u>\$ 3,882,000</u>

NOTE 13. NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) – net is comprised of the following:

	June 30,	
	2005	2004
CRDA Interest Income	\$ 253,000	\$ 158,000
Interest Income	(19,000)	(1,838,000)
	<u>\$ 234,000</u>	<u>\$ (1,680,000)</u>

STATEMENT OF CONFORMITY, ACCURACY, AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.



Signature

Douglas S. Niethold
Vice President, Finance
Title

2892-11

License Number

On Behalf Of:

ACE Gaming, LLC
Casino Licensee